

OPENING STATEMENT BY REP. JOHN BOEHNER, CHAIRMAN
EDUCATION & THE WORKFORCE COMMITTEE
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Good morning. I'd like to thank everyone for being here, and I welcome my colleagues on the Committee.

Today, we will report legislation to the House Budget Committee under the budget agreement reached by the House and Senate last spring. As part of the agreement, our Committee has been tasked with finding savings from the mandatory spending programs within our jurisdiction.

It is no surprise to anyone here that out-of-control federal spending is a threat to all Americans, from students and families to workers and retirees. Federal entitlement spending is squeezing important federal programs and American taxpayers like never before. We have a responsibility to rein-in reckless spending and make federal programs more effective and efficient on behalf of workers, retirees, and students.

First on tap today is a proposal to place the Pension Benefit Guaranty Corporation (or PBGC) on a more solid financial foundation. As my colleagues know, a major focus of this Committee for the past several years has been on the need for comprehensive pension reform. Let me state this as clearly as I can: I am committed to completing action on comprehensive reform this year. The benefits of comprehensive reform far outweigh the benefits of raising PBGC premiums alone. Therefore, should comprehensive reform become law this year, it will take precedence over this measure.

However, it is important to recognize that the financial condition of the PBGC must be strengthened, and today's proposal provides some financial help in the short-term. The plan before us is two-pronged. First, it would phase-in responsible increases in the flat-rate premiums paid to the agency each year. And second, it would establish employer-paid termination premiums.

Currently, employers pay a flat-rate premium to the PBGC of \$19 per year for each plan participant. Congress has not raised these premiums since 1991, so a reasonable increase is both prudent and necessary. As such, this plan would increase premiums from \$19 to \$30 annually beginning in 2006, the same as the Bush Administration pension proposal. Furthermore, it gives the PBGC the discretion to increase these premiums up to 20 percent annually.

The PBGC must make its case in order to raise premiums, and if they exercise this discretion, the proposal reserves for Congress the right to disapprove the increase in a straight up-or-down vote each year. The Congressional Budget Office estimates this plan would provide the PBGC about \$5.2 billion in additional financial resources over five years.

This plan also establishes a \$1,250 per participant premium for companies that have gone through bankruptcy and terminated their pension plans. These termination premiums would be paid for three consecutive years once a company emerges from bankruptcy. The

Congressional Budget Office estimates this plan would provide the PBGC an additional \$1 billion in financial resources over five years.

Although the PBGC has enough resources to make benefit payments for the near future, the long-term outlook for the agency is anything but certain. With a \$23 billion deficit and some \$450 billion in pension plan underfunding among financially weak companies looming on the horizon, the PBGC's deficit undoubtedly will balloon even further.

Taxpayers should not be called upon to bail out the agency if its financial condition continues to deteriorate. While this proposal will provide the PBGC with some additional assistance, I believe even more strongly that the Committee-passed Pension Protection Act is critically important to the long-term future of the PBGC, the security of worker and retiree pensions, and the interests of American taxpayers. I remain committed to achieving comprehensive reform this year.

With that, I urge my colleagues to support this Committee Print and the overarching goals of budget reconciliation. And I yield to my friend Mr. Miller for his opening remarks.